Press Release

Microfinance Study Group

The Hong Kong Mortgage Corporation Limited (HKMC) announced that its Microfinance Study Group had held its first meeting today (Monday) to start its study into the feasibility of establishing a sustainable microfinance scheme in Hong Kong.

The Study Group is chaired by Mr Peter Pang, Executive Director of the HKMC and Deputy Chief Executive of the Hong Kong Monetary Authority. Members of the Study Group are from the banking sector, voluntary agencies, academia and the Government. The membership list is in Annex A.

The meeting endorsed the Terms of Reference of the Study Group as set out in Annex B. It was agreed that the Study will focus on the following areas:

(a) the demand for microfinance and the identification of potential target segments in Hong Kong;
(b) the critical success factors for a sustainable microfinance scheme;
(c) the business model and features of a possible scheme for Hong Kong; and
(d) the operational issues, including a possible implementation plan.

Members agreed to examine these key components through gap analysis, literature survey of authoritative documents on microfinance, study of overseas

and local microfinance schemes and obtaining technical advice from relevant experts in this field.

Mr Pang said: "I would like to thank all members of the Study Group for taking up this meaningful task. I hope to leverage on the expertise and synergy of key stakeholders and partner institutions to develop a business model that can meet the needs of Hong Kong. With the advice of the Study Group, the HKMC aims to submit a report and its recommendations to the Financial Secretary by end-August."

Microfinance is the provision of small loans to individuals who need financial resources for business start-up or self-enhancement training but have difficulties in accessing traditional bank financing to meet such needs. The HKMC will study overseas and local experiences in microfinance to assess whether it is feasible to develop a sustainable microfinance scheme in Hong Kong.

The Hong Kong Mortgage Corporation Limited
28 March 2011

Annex A

Microfinance Study Group

Membership List

Mr Peter PANG Sing-tong, JP (Chairman)	Executive Director The Hong Kong Mortgage Corporation Limited
Mr James H. LAU Jr., JP (Deputy Chairman)	Chief Executive Officer The Hong Kong Mortgage Corporation Limited
Mr Stanley CHAN Tat-keung	Senior Vice President (Operations) The Hong Kong Mortgage Corporation Limited
Mr Bernard Charnwut CHAN, GBS, JP	President Asia Financial Holdings Ltd
Dr Darwin CHEN, SBS	Honorary Chairman Social Enterprises e-Society HKU School of Professional and Continuing Education
Mrs CHEUNG-ANG Siew-mei, JP	Executive Director Christian Action
Prof Stephen CHEUNG Yan-leung, BBS, JP	Dean of the School of Business and Professor (Chair) of Finance Hong Kong Baptist University
Ms Amy FUNG Dun-mi	Deputy Executive Director The Hong Kong Federation of Youth Groups
Mr Adrian David LI Man-kiu, JP	Deputy Chief Executive The Bank of East Asia, Limited

Ms Grace LUI Kit-yuk, JP	Deputy Secretary for Home Affairs Home Affairs Bureau
Mr Stanley NG Ka-kwong, BBS	Executive Director Employees Retraining Board
Prof Raymond SO Wai-man	Dean of School of Business and Professor of Finance Hang Seng Management College
Mr Roy TANG Yun-kwong, JP	Deputy Secretary for Labour and Welfare Labour and Welfare Bureau
Mr Marco WONG Wai-cheong	Deputy General Manager Corporate Banking and Financial Institutions Bank of China (Hong Kong) Limited
Mr Joseph SETO Sing-tak (Secretary)	Vice President (Project Management) The Hong Kong Mortgage Corporation Limited

Annex B

Microfinance Study Group

Terms of Reference

The Microfinance Study Group advises the Hong Kong Mortgage Corporation Limited on assessing the feasibility of establishing a sustainable microfinance scheme in Hong Kong and the demand for such scheme. In particular, the Study Group will:

(a) identify the purpose of establishing a microfinance scheme in Hong Kong;

(b) examine the factors that are critical for designing a self-sustaining microfinance scheme in Hong Kong, including ways to harness the synergy of key stakeholders;

(c) identify the technical and operational features that are essential for a viable scheme, including, but not limited to:

- the potential target borrowers, eligibility criteria, underwriting standards, and application process,
- the broad terms of microfinance loan, e.g. interest rate, maximum loan amount, loan type, maximum loan tenor, repayment method, etc.,
- funding arrangement and risk management,
- measures and ancillary services that could enhance the

attractiveness and sustainability of the scheme;

(d) advise on implementation issues.